

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: DOUG DE COSTER
ZIPPY'S CURRENCY X-CHANGE, INC.
dba POWER CHECK CASHING and PAYDAY ADVANCE and ZIPPY'S #2

600 W. Sepulveda Blvd.
Carson, CA 90745

18016 S. Western Ave.
Gardena, CA 90248

DESIST AND REFRAIN ORDER
(For violations of California Financial Code section 23005)

The California Corporations Commissioner finds that:

1. The California Corporations Commissioner ("Commissioner") is informed and believes and based upon such information and belief alleges that ZIPPY'S CURRENCY X-CHANGE, INC. ("ZIPPY'S") is and was at all relevant times herein, a California corporation dba Power Check Cashing and Payday Advance ("POWER PAYDAY ADVANCE") and ZIPPY'S #2 with its principal place of business located at 600 W. Sepulveda Blvd., Carson, CA. ZIPPY'S has one branch location situated at 18016 S. Western Ave., Gardena, CA.
2. DOUG DE COSTER ("DE COSTER"), an Officer of ZIPPY'S, is and was at all times relevant herein, the manager of POWER PAYDAY ADVANCE.
3. ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER have engaged in the business of deferred deposit transactions by offering and/or originating deferred deposit transactions as described below.
4. A deferred deposit transaction is a written transaction whereby one person gives funds to another person upon receipt of a personal check and it is agreed that the personal check shall not be deposited until a later date.

1 5. Neither ZIPPY’S, POWER PAYDAY ADVANCE or DE COSTER have been
2 issued a license by the Commissioner authorizing it to engage in the business of deferred deposit
3 transactions under the California Deferred Deposit Transaction Law (“CDDTL”) (California
4 Financial Code §§ 23000 et seq.).

5 6. Neither ZIPPY’S, POWER PAYDAY ADVANCE or DE COSTER is exempt
6 from the licensing requirements of California Financial Code section 23005.

7 7. ZIPPY’S, POWER PAYDAY ADVANCE and DE COSTER were specifically
8 aware that a CDDTL license was required in order to engage in the business of deferred deposit
9 transactions. On February 8, 2005, the Commissioner issued ZIPPY’S, POWER PAYDAY
10 ADVANCE and DE COSTER a letter informing them that deferred deposit transactions could
11 not be originated without a license issued by the Department of Corporations. In April 2005, DE
12 COSTER acknowledged to the Department, that the February 8, 2005 letter had been received
13 and DE COSTER admitted that ZIPPY’S and POWER PAYDAY ADVANCE had engaged in
14 deferred deposit transaction business between January 1, 2005 and April 12, 2005.

15 8. An investigation conducted by the Department disclosed that on May 10, 2005,
16 ZIPPY’S and POWER PAYDAY ADVANCE were open for business at the Gardena location
17 stated above. An advertisement was observed on the storefront stating “Payday Advance Loans”,
18 “Quick and Easy” and “Need Cash Fast” in large print. Inside the store lobby area there were
19 payday notices, fees schedules, APR disclosures, a flyer and a business card identifying the store
20 location telephone number and a list of services provided. DE COSTER told the examiner that
21 ZIPPY’S and POWER PAYDAY ADVANCE had not made any payday loans since speaking
22 with the Department in April 2005. According to DE COSTER, a CDDTL application had been
23 filed in late April 2005, but there was no record of such at the Department of Corporations.

24 9. On July 13, 2005, a Department examiner visited the Carson location and
25 requested copies of the last two CDDTL transactions for each location as well as an explanation
26 as to why ZIPPY’S and POWER PAYDAY ADVANCE continued to make payday loans
27 without a license. DE COSTER responded in writing that ZIPPY’S and POWER PAYDAY
28 ADVANCE stopped issuing new loans to new customers in March 2005.

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1 10. On July 14, 2005, ZIPPY’S and POWER PAYDAY ADVANCE filed two
2 applications for the above referenced locations. In response, DE COSTER was asked to provide
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4 loan agreements for the Gardena location as well as the total number of loans handled at both
5 locations by ZIPPY’S and POWER PAYDAY ADVANCE in 2005.

6 11. DE COSTER responded in writing on July 26, 2005, admitting that ZIPPY’S and
7 POWER PAYDAY ADVANCE had engaged in a total of 1,257 deferred deposit transactions in
8 2005, at both locations.

9 12. On July 27, 2005, the Commissioner sent a deficiency letter to ZIPPY’S, POWER
10 PAYDAY ADVANCE and DE COSTER informing them of items needed to complete the
11 application. The July 2005 letter specifically informed the applicants that their permit issued by
12 the Department of Justice to engage in the business of deferred deposit transactions was no
13 longer valid after December 31, 2004 and that they were unable to engage in the business
14 of deferred deposit transactions after December 31, 2004 without a license issued by the
15 Commissioner of the Department of Corporations.
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17 13. On August 3, 2005, the examiner requested a list of all payday loans made
18 between January 1, 2005 and August 3, 2005. DE COSTER faxed a loan list which showed that 26
19 loans had been made to new and existing customers between April 12, 2005 and August 1, 2005.

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21 These transactions were entered into after DE COSTER had been told that he, ZIPPY’S and
22 POWER PAYDAY ADVANCE could not engage in the business of deferred deposit transactions
23 unless and until a license had been issued.

24 By reason of the foregoing, ZIPPY’S, POWER PAYDAY ADVANCE and DE COSTER
25 have offered, originated and/or made a deferred deposit transaction and are engaging in the
26 business of deferred deposit transactions without having first obtained a license from the
27 Commissioner in violation of California Financial Code section 23005.
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3 Pursuant to California Financial Code section 23050, ZIPPY'S, POWER PAYDAY
4 ADVANCE and DE COSTER are hereby ordered to desist and refrain from engaging in the
5 business of deferred deposit transactions in the State of California without first obtaining a
6 license from the Commissioner, or otherwise being exempt. This Order is necessary, in the
7 public interest, for the protection of consumers and is consistent with the purposes, policies and
8 provisions of the California Deferred Deposit Transaction Law. This order shall remain in full
9 force and effect until further order of the Commissioner.

10 California Financial Code section 23050 provides in pertinent part:

11 Whenever, in the opinion of the commissioner, any person is engaged in the
12 business of deferred deposit transactions, as defined in this division, without
13 a license from the commissioner . . . the commissioner may order that person
14 or licensee to desist and to refrain from engaging in the business . . . If, within
30 days, after the order is served, a written request for a hearing is filed and no
hearing is held within 30 days thereafter, the order is rescinded.

15 Dated: September 6, 2005
16 Los Angeles, CA

WAYNE STRUMPFER
Acting Corporations Commissioner

17 By _____
18 Steven C. Thompson
19 Special Administrator
20 California Deferred Deposit Transaction Law
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